

Suitability Report paragraphs for the Prudential Retirement Account

For clients saving for retirement or taking an income from drawdown

We appreciate that you'll have carefully considered their personal and financial circumstances, financial needs, priorities and risk profile when giving your clients a recommendation.

These paragraphs are designed to help you prepare your suitability report for your client. They're not intended to form the full content of the suitability report. It's your responsibility to ensure that the report includes your client's demands and needs, why you consider the product is suitable on the basis of the information that they have provided to you and makes clear any disadvantages that the product has.

Please note that if you use these paragraphs, or similar text for any reason, you are responsible for ensuring that they are compliant. Whilst every care has been taken to ensure the accuracy of the following information, Prudential can accept no liability if you decide to use it.

The following is based on our understanding of current taxation, legislation and Revenue practice, all of which are liable to change without notice.

What is the Prudential Retirement Account?

The Prudential Retirement Account is a flexible personal pension that offers a wide range of investment options, allowing your clients to: make contributions, invest and transfer money in from other pensions, including those already in drawdown.

It lets your clients withdraw lump sums and/or income from the normal minimum pension age. Employers and third parties can also make contributions into this pension.

The personal pension is split into two parts:

Pension Savings Account

- This is where client contributions are paid in and invested.
- From the normal minimum pension age, cash lump sums (Uncrystallised Pension Lump Sums) can be withdrawn from here.

Pension Income Account

- Investments from your client's Pension Savings Account are moved here to access drawdown and tax-free cash.
- Your client can usually take 25% of the amount tax-free, before taking the remainder as taxed income.
- Transfers from other drawdown plans are paid in and invested here.

<p>Eligibility</p>	<p>Pension Savings Account</p> <p>In order to take out a policy you need to be a UK resident, this also applies to beneficiaries.</p> <p>There are no minimum age requirements for potential investors contributing/transferring into the Retirement Account-Pension Savings Account, and is available for all investors up to:</p> <ul style="list-style-type: none"> • the age of 75 for contributions • the age of 99 for transfers <p>Pension Income Account</p> <p>For clients who wish to access the Pension Income Account, this is accessible from the normal minimum pension age until their 99th birthday.</p> <p>If the client has a protected pension age, or they are in ill health, they may be able to take their benefits before this age.</p> <p>There is no maximum age at exit of the Retirement Account for both the Pension Savings and Pension Income Account.</p>
<p>Risks associated with the Prudential Retirement Account.</p>	<ul style="list-style-type: none"> • The value of the investment can go down as well as up. Your client could get back less than they have paid in. • Investment returns may be lower than illustrated. • Different investments have different levels of risk. The PruFund Fund Guide and Key Investor Information documents will give more information on this. • If the total charges and costs taken from the Retirement Account are more than any overall growth achieved, the plan will fall in value, possibly to less than has been invested. • Charges and costs will reduce the value of the Retirement Account and they may increase in the future. • If your client decides to exercise their cancellation rights and their investment has fallen in value, the amount returned may be less than the amount paid in. Any adviser charges paid may not be refunded. • If your client changes their mind about making a pension transfer, they may not be able to return the transfer to their original provider. • There may be a delay in the buying, switching or selling of any investment. Your client will be told if this applies. • Inflation will affect the buying power of the money your client gets back. • Tax rules can change and the impact of taxation depends on individual circumstances.

	<ul style="list-style-type: none"> • Withdrawals can exhaust the Retirement Account. Your client needs to make sure their money lasts for as long as they intend. • If your client chooses to purchase an annuity in the future, annuity rates may be lower than they are now. • If your client either takes all their pension pot in one go, or through partial lump sums/ flexible access drawdown – the amount of future pension contributions that they can pay without a tax charge could be less. • When we pay your clients cash lump sum we have to use an emergency tax rate. It means they could end up paying too much tax, and they'll need to claim it back from HM Revenue & Customs. • Usually 25% of your clients cash lump sum will be tax free and the rest counts as income for that tax year, on top of things like salary, state benefit and pensions. So your client could end up paying a higher rate of tax. • By your client taking their cash lump sum they could lose some or all of their state benefits. Take a look at gov.uk/browse/benefits to find out more. • The money in your client's cash account will count towards their Financial Services Compensation Scheme(FSCS) limit with the bank Prudential use. • If your client has savings with that bank, including in the cash account, that exceed the FSCS limit then this will result in not all of your client's money being protected by the FSCS in the event of that bank defaulting. • Any money invested in non PruFund funds are covered by the FSCS. For external fund investments(OEICs) it's £85,000 per person, per authorised fund. • Any money invested in PruFund funds is protected up to 100% by the FSCS.
<p>Client contributions</p>	<p>Your client, their employer, or a third party, can all pay in regular or one off amounts. Prudential accept bank transfers, direct debit payments and cheques.</p> <p>Regular contributions can be increased, decreased, stopped and re-started at any time. Decreasing or stopping these contributions will reduce the future value of your Retirement Account.</p>

Where can my client invest their money?

There are many investment choices for your clients to choose from within the Retirement Account:

An extensive range of investment funds, including the PruFund range of funds and collective funds from Prudential as well as access to a range of Responsible, Sustainable or Impact funds from third parties.

Prudential's PruFund range of funds which invest in Prudential's With-Profits Fund. PruFund funds are multi-asset funds and invest in a wide range of assets, across different asset types and countries.

Other types of investment, for example direct share holdings, investment trusts and other exchange traded investments are available.

PruFund range of funds

PruFund funds aim to grow your money over the medium to long term (5 to 10 years or more), while protecting you from some of the short-term ups and downs of direct stock market investments. We do this by using an established smoothing mechanism and spreading the risk by investing across a wide range of assets, our Multi-Asset approach. This means that while you won't benefit from the full upside of any potential stock market rises you won't suffer from the full effects of any downturns either.

The PruFund range of funds all invest in Prudential's With-Profits Fund, which is one of the largest with-profits funds in the UK. However, there are differences across the range of PruFund funds in their objectives and mix of assets, and how PruFund delivers returns to your clients when compared to other With-Profits business, which means the returns received by your clients will vary by fund choice.

Please refer to 'Your With-Profits Plan – a guide to how we manage the fund (PruFund range of funds)' reference WPGB0031 for more information.

For more information take a look at the PruFund range of funds client guide: pruadviser.co.uk/pdf/PRUF1098001.pdf

Prudential's Risk Managed PruFund funds, each designed to suit different attitudes to risk and reward. They all benefit from the established smoothing process and are suitable for clients looking to invest for 5 to 10 years or more.

The funds have an objective to stay within volatility ceiling limits, which allows the funds risk profile to be managed over time and help to align it closer to your client's risk assessments.

For more information please see the Risk Managed PruFund range of funds client guide: pruadviser.co.uk/pdf/RMSF10805.pdf

Prudential's PruFund Planet range of funds, a range of five funds each with their own risk profile.

May be suitable for individuals who want to know their savings are being used to invest in companies that are helping to solve some of the global challenges and contribute towards a healthier planet.

For more information take a look at the PruFund Planet client guide: pruadviser.co.uk/pdf/GENM100071204.pdf

Available at the time account holders take out the guarantee. Additional charges will be applied.

	<p>Minimum Income Guarantee (Not currently available)</p> <p>Minimum Income Guarantees are available for investments held in selected funds from the PruFund range of funds in the Pension Income Account. At any time from 55 (57 from 6 April 2028, unless you have a protected pension age), your clients can guarantee a minimum income from these investments. This gives them a way of ensuring a dependable income for life, although it could still deplete their original investment, but without the commitment of taking out an annuity.</p> <ul style="list-style-type: none"> • The guarantee can be switched off if their needs change. • A new guarantee can be applied at a future date subject to some restrictions. • Additional charges will be applied. • Full details are shown in guarantees available on PruFund investments. <p>Prudential Guaranteed Income Plan</p> <ul style="list-style-type: none"> • Aimed at customers phasing into, or in the early years of retirement, it can complement other retirement solutions as part of a structured approach, and balances the need for certainty of income and financial freedom. Further information and relevant paragraphs on this option are available in our Suitability Report paragraphs for the Prudential Guaranteed Income Plan: pruadviser.co.uk/pdf/GIPM100957204.pdf
<p>How can my client access their pension benefits</p>	<p>There are three ways your client can use their Retirement Account to take benefits. They can use some or all of their savings to:</p> <ul style="list-style-type: none"> • Take cash lump sums (known as Uncrystallised Funds Pension Lump Sums of UFPLS) on a regular or one-off basis from their Pension Savings Account. • Take drawdown payments, and they take as much or as little income as they need from their Pension Income Account. If they're in capped drawdown, there's a maximum amount they can take that is set by the government. • Purchase an annuity with some or all of the value of their Retirement Account. • Your clients can also take a combination of the above. Each time they take a cash lump sum, move money into drawdown, or buy an annuity from an insurance company, they can usually take out 25% of the money tax-free. <p>The above is based on Prudential's understanding, as at March 2024 current taxation, legislation and HMRC practice, all of which are liable to change without notice. The impact of taxation and any tax reliefs depends on individual circumstances.</p>
<p>What charges and costs are applicable to my clients account?</p>	<p>There are different types or levels of charges and costs that may be deducted from your client's Prudential Retirement Account.</p> <p>Your client's personal illustrations shows what charges and costs they will pay. These are described below, we might change our charges in the future.</p>

<p>Product charge</p>	<p>Monthly charges are taken on their 'charge date', usually the same date in the month that their Retirement Account was opened.</p> <p>This is an annual charge calculated as a percentage of your client's total Retirement Account value and Prudential deduct 1/12th of the yearly charge each month on the charge date. Prudential apply a discount to their product charge which varies according to the value of their Retirement Account.</p> <table border="1" data-bbox="587 342 1484 678"> <thead> <tr> <th>Retirement Account value</th> <th>Product charge after</th> </tr> </thead> <tbody> <tr> <td>£0-£99,999</td> <td>0.30%</td> </tr> <tr> <td>£100,000-£249,999</td> <td>0.20%</td> </tr> <tr> <td>£250,000-£499,999</td> <td>0.15%</td> </tr> <tr> <td>£500,000-£749,999</td> <td>0.15%</td> </tr> <tr> <td>£750,000-£999,999</td> <td>0.125%</td> </tr> <tr> <td>£1,000,000+</td> <td>0.10%</td> </tr> </tbody> </table> <p>For more information on how the product charge is calculated and deducted take a look at the Key Features of the Prudential Retirement Account: pruadviser.co.uk/pdf/rack164801.pdf</p>	Retirement Account value	Product charge after	£0-£99,999	0.30%	£100,000-£249,999	0.20%	£250,000-£499,999	0.15%	£500,000-£749,999	0.15%	£750,000-£999,999	0.125%	£1,000,000+	0.10%
Retirement Account value	Product charge after														
£0-£99,999	0.30%														
£100,000-£249,999	0.20%														
£250,000-£499,999	0.15%														
£500,000-£749,999	0.15%														
£750,000-£999,999	0.125%														
£1,000,000+	0.10%														
<p>Investment charges and costs</p>	<p>The charge is taken as follows:</p> <ul style="list-style-type: none"> • For the part of your clients Retirement Account held in PruFunds, Prudential deduct units to the value of the charge. • For holdings in the cash account, external fund sand those managed by Stock trade, the charge will be deducted first from the cash account, and if there isn't enough money there, by cashing in units and assets proportionately across external funds. If there are insufficient external funds, Prudential will use Stock trade holdings, using any cash held first. • Your client's Retirement Account may have more than one Pension Savings and/or Pension Income Account. The product charge is applied to each of these as described above, but all will receive a discount based on the aggregate value of the Retirement Account. 														
<p>Annual Charge</p>	<ul style="list-style-type: none"> • There is a charge for looking after your investment. • This may vary between funds and may change throughout the lifetime of your Prudential Retirement Account. • Where you have invested in PruFund, this charge can also be referred to as an Annual Management Charge. 														
<p>Further costs</p>	<ul style="list-style-type: none"> • There are other costs that aren't covered by the yearly charge. • These can include, for example, maintenance costs for property investments and costs associated with investing in infrastructure, such as utilities, transport and renewable energy. • These costs can vary over time. • For further information on charges and costs, please refer to the relevant fund guide. • Where you have invested with Stock trade there may be some charges not displayed in this illustration. Please contact Stock trade or your Financial Adviser for more information. • There are no investment charges and costs applied to your Cash Account. 														

PruFund Guarantee charge (if applicable)	<p>This is a percentage rate agreed at the start of your client's guarantee, which is applied to the value of the guarantee units held, and is taken by monthly deduction from those guarantee units.</p> <p>New guarantees on PruFund are currently suspended as, under current market conditions, the cost of guarantees on PruFund means they would not offer value for money.</p>
Stocktrade charges (if applicable)	<p>Dealing on recognised stock exchange trades is by separate agreement with Stocktrade who will charge on a per trade and custody basis. Any such charges for this are not included in the investment charges and yearly costs as mentioned above. You can find more information on the Stocktrade charges online at pru.co.uk/retirement-account</p>
Adviser charges	<p><Adviser to insert appropriate copy/confirm to client how much is being charged></p>
Should your client die before 75*	<p>Prudential offer flexible death benefits on the Retirement Account. There are three main ways account holders' pensions can be passed onto their beneficiaries:</p> <ul style="list-style-type: none"> • Lump sum – account holders' pensions are paid out into the beneficiaries bank account • Drawdown – the beneficiary 'takes over' the pension and can take out as much or as little as they wish. • Annuity – the beneficiary can buy a secure income for life from an insurance company. <p>The account holder's expression of wish is important and should be kept up to date as this will be used by Prudential in deciding the beneficiaries and to whom Prudential may pay income benefits.</p> <p>The beneficiary of the account holder will normally receive the proceeds of the Account tax-free when taken either as a lump sum or by withdrawing income.</p>
Should your client die after 75*	<p>If the account holder dies at or after age 75 the beneficiary will be taxed on any payments at their marginal rate.</p> <p>Where the benefit is paid to a non-individual eg to a trust or estate then Prudential will deduct 45% tax before payment. The ultimate beneficiary of the payments may be able to claim some or all of this tax back depending on their circumstances.</p>

* Please note any nominated beneficiaries who are Non-UK residents when death benefits become payable, will not be able to take Beneficiaries Drawdown. This is because to set up a new Retirement Account, the nominated beneficiaries need to be a UK resident.

